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UNCLAS SECTION 01 OF 03 ANKARA 000464

SIPDIS

SENSITIVE
SIPDIS

TREAS FOR OFAC (RWERNER), FINCEN (MMELANCON), EOTFFC
(POBRIEN) AND (RLEBENSON, JSERAFINI), OIA (JGARDNER)
AND/OR (MLEAVITT)
JUSTICE FOR OPDAT - JSILVERWOOD

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SUBJECT: ENGAGING TURKEY ON FINANCIAL CRIME

REF: A. ANKARA 325

- [1](#)B. ANKARA 250
- [1](#)C. 05 ANKARA 7497
- [1](#)D. 05 ANKARA 7440

[1](#)1. (SBU) Summary: The U.S. is engaging the Government of Turkey on multiple fronts to continue strengthening its regime against terrorism finance and money laundering. Through diplomatic advocacy and a series of visits and workshops, the U.S. has highlighted Turkey's need for a domestic designation system, to pass laws that definitively criminalize the financing of international terrorism, and to work together more effectively with other countries. Although tangible results from these efforts will take time, they appear to be paying dividends. Most recently, key officials are expressing an interest in pursuing a domestic designation system. Assigning a Resident Legal Advisor to Embassy Ankara would also help build Turkish prosecutorial and law enforcement capacity. End summary.

GOT Falls Short on Terrorism Finance

[1](#)2. (SBU) Turkey's current legal framework is not equipped to effectively combat financial flows through Turkey to terrorist groups inside or outside Turkey. While GOT officials pass on UN and U.S.-designated names of terrorists to all law enforcement and intelligence agencies, as well as to financial institutions, Turkish law does not yet explicitly criminalize the financing of terrorism. Furthermore, Turkish law defines terrorism only in terms of attacks on Turkish nationals or the Turkish state. While Turkey is a member of the Financial Action Task Force (FATF), it is not fully in compliance with FATF's special recommendations on terrorism finance. On the enforcement side, stovepiping of information within GOT agencies inhibits their ability to work with each other and to cooperate with other countries.

[1](#)3. (SBU) Turkey faces a FATF review in late 2006. As Treasury U/S Levey reminded Turkish Ministers and senior officials when he visited in June, Turkey will fall short on many of the FATF special recommendations on terrorism finance. Since Levey's visit, the GOT submitted to Parliament in November 2005 the "MASAK law" (named after the Turkish financial crime intelligence agency that it

seeks to reorganize), which will explicitly criminalize terrorism finance and offer safe harbor protection for filers of suspicious transaction reports (STRs). The law is currently under review by a sub-commission of Parliament. The Turkish Finance Minister recently told us he expects it to pass in February (ref A). However, Parliamentary action on changes in Turkey's criminal code that would extend the definition of terrorism beyond acts directly aimed at Turkish interests appears to be stalled. The reasons for the delay seem unrelated to this point, but until the definition is expanded, there will not be a predicate offense that would permit action against financing in support of international terror groups.

Continuing Diplomatic Advocacy

¶4. (SBU) The USG has engaged Turkish officials at all levels to encourage the GOT to strengthen its counter-terrorism finance (CTF) regime. After earlier missions by an FSAT team and by a FINCEN official, U/S Stuart Levey's June visit was an opportunity to urge the Ministers of Finance and Justice, as well as other senior officials, to bolster Turkey's CTF regime and to offer enhanced U.S. cooperation, including the visit of an interagency team in September. Similarly, former Ambassador Edelman repeatedly encouraged the GOT to criminalize terrorism finance and to broaden its overall definition of terrorism. Post regularly meets with MASAK President Genc Osman Yarasli and MFA, Justice, and Interior Ministry officials responsible for terrorism finance issues to monitor and spur progress. In his first meeting the Finance Minister Unakitan, Ambassador

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Wilson stressed the importance of Turkey's FATF review and of the passage of the MASAK law (ref A).

Vienna Conference is a Wake-Up Call

¶5. (SBU) In addition to this policy advocacy, in November the USG sent three GOT officials to a U.S.- and OSCE-sponsored conference on terrorism finance in Vienna. One of the delegates, Recep Guven, Director of the Turkish National Police (TNP) Intelligence Department's Organized Crime Division, told us that the Turkish delegation was particularly interested in an Albanian case study presented at the conference that showed how a developing country could be successful in combating terrorism finance. Guven said that a French representative at the meeting was critical of several countries, including Turkey, for not complying with FATF recommendations. Guven told us that upon his return, he urged Turkish officials to develop a domestic designation system. He also noted that attending the conference with MASAK colleagues improved cooperation and communication between TNP and MASAK -- cooperation that they hope to institutionalize with the creation of a TNP terrorism finance division (ref B).

Establishing a Resident Legal Advisor Position

¶6. (SBU) As Washington has proposed, a Resident Legal Advisor (RLA) assigned to Embassy Ankara would be beneficial for several reasons. An RLA could organize training programs that would enhance the GOT's ability to effectively investigate and prosecute criminal cases, an area of technical weakness for Turkish officials. An RLA could also increase USG engagement with the Turkish Ministry of Justice in order to find ways to translate

into enhanced cooperation. Jim Silverwood, Regional Director of the Department of Justice's Office of Overseas Prosecutorial Development, Assistance, and Training (DOJ/OPDAT), visited Turkey in November to propose the creation of an RLA position.

Treasury Visit Sparks Interest in Designations

¶7. (SBU) As a second follow-up to Treasury U/S Levey's June visit, in December Treasury official Christopher Burdick made a presentation on terrorism finance designations to a sizable interagency group of GOT officials, chaired by MASAK President Yarasli (ref D). Burdick addressed the rationale behind designations, international agreements regarding them, and the U.S. designation system. Yarasli and his colleagues asked numerous questions throughout the presentation, primarily focused on the de-listing process and executive branch officials' legal authority to designate. Following Burdick's presentation, MASAK Deputy President Ender Tosun told us that Yarasli is interested in Turkey developing a domestic designation system.

Enhanced Role for FIU in Combating PKK

¶8. (SBU) In December, an interagency U.S. team held a two-day round of meetings with GOT officials to discuss enhanced cooperation against PKK in Europe (ref C). In a side meeting, Burdick explained to MASAK officials two ways in which they could use CTF tools against the PKK. He noted that they could make information requests of other financial intelligence units (FIUs) to obtain more specific information about PKK operatives and front companies. In addition, if Turkey established a domestic designation system, the GOT could then use intelligence information to meet the evidentiary standard required for a designation by either the EU Clearinghouse or by national designation authorities. MASAK'S Ender Tosun took the point and noted Yarasli's interest in using domestic designations to target PKK supporters and front

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groups.

OPDAT Workshops to Offer Asset Forfeiture Training

¶9. (SBU) In another effort to build Turkish AML/CTF capacity, DOJ's OPDAT will hold three workshops on the practical application of money laundering and asset forfeiture investigations and prosecutions. Three two-day seminars, to be held in Ankara, Antalya, and Istanbul in late February and early March, will each train 30 prosecutors, investigators, and FIU officials from the GOT. Participants will be given a case study on money laundering, which they will work through with assistance from a U.S. delegation of prosecutors and Drug Enforcement Administration (DEA) agents. The overall goal of the program is to provide practical concepts and methods to effectively address money laundering through legislation, investigation, and prosecution.

Comment

¶10. (SBU) In addition to our constant policy advocacy, the series of visits, conferences, and seminars help keep the GOT focused on strengthening its AML/CTF regime in the run-up to Turkey's peer review under the FATF, expected later this year. With the imminent passage of

the law reorganizing MASAK (which also contains key provisions improving the anti-terror finance regime) and the continued USG engagement, there is reason to think that Turkey is slowly making progress in this field, but we will need to maintain our engagement and support.

WILSON